



Frequently Asked Questions

(and Answers from the SCAO/FOCB)

FAQ 2003-02

July 3, 2003

Bank Account Transfer and Post-Transition Payment Processing

On May 16, 2003, the State Court Administrative Office (SCAO) issued ADM 2003-04 regarding transferring existing bank accounts to the executive branch and establishing new local means of processing a limited number of payments that the SDU and MiCSES currently cannot. Supreme Court Finance and the SCAO have received questions related to Administrative Memorandum (ADM) 2003-04.

This FAQ answers common questions related to transferring existing accounts and processing payments that the system cannot process centrally.

Q: Where can I find a copy of ADM 2003-04?

A: You can access ADM 2003-04 from the SCAO website, or at <http://www.courts.michigan.gov/scao/resources/other/scaoadm/2003/2003-04.pdf>.

Q: Will Supreme Court Finance or SCAO conduct an audit of my accounts before my accounts are transferred?

A: No. ADM 2003-03 section A.2.a states that accounting audits should be conducted locally. Accounting audits must follow the requirements of the Michigan Court Administrative Reference Guide section 6-04. You can find the reference guide at <http://www.courts.michigan.gov/scao/resources/publications/manuals/ctadminrefguide.pdf>.

Q: Must the chief circuit court judge sign the Local Administrative Order (LAO) prior to turning the account over to the state executive branch?

A: Through its LAO, the Court acknowledges that the account balances, and the friend of the court's responsibility for the account has ended. Preferably, the chief judge will sign the LAO before the transfer. If the chief judge is not available to sign the LAO until after the transfer, the transfer should still occur.

Bank Account Transfer and Post-Transition Payment Processing

FAQ 2003-02

July 3, 2003

Page 2

Q: Must the FOC maintain a bank account to process future payments or do other alternatives exist?

A: Friends of the Court (FOC) must establish new local means of handling a limited number of payments that the SDU cannot currently process. Establishing a separate FOC account has benefits, and the SCAO concludes that it is the best course of action. A Court should contact the SCAO for advance approval of any alternate procedure.

ADM 2003-04 section B.2 allows FOC to make alternative arrangements for local processing of those limited payments that the SDU and MiCSES cannot handle. All monies handled by court agencies must follow the cash handling and automated system requirements in the Michigan Court Administrative Reference Guide. The federal bonding and cash handling requirements apply to child and spousal support monies handled by FOCs, the SDU, or MiCSES.¹ These requirements also apply to any entity or contractor handling payments.

Q: What should the FOC do when it receives payments after the transition to MiCSES?

A: The FOC should process only those payments that the SDU cannot handle.

For in-office payments, staff must determine whether the payment can be processed by the SDU. The office should decline handling payments not requiring FOC processing. FOC staff should provide the payer with an envelope or written instructions on transmitting payments to the SDU. For every payment that the office accepts, it must issue a receipt (including payments merely forwarded to the SDU).²

For payments received by mail, the FOC must maintain a log/record of **all** payments. The office must determine which payments the SDU cannot handle centrally, and then receipt and process those payments utilizing the newly established account or other local means (approved as outlined above). The office should not process payments that the SDU can handle through its account or other local means. For payments that the office accepts, it should: (1) immediately transmit the payment by mail to the SDU, (2) indicate on the mail log/record that it was received in error and forwarded to the SDU, and (3) notify the payer of the SDU's location and of the requirement to make payment through the SDU.³

¹ 45 CFR 302.19 and 45 CFR 302.20.

² See the Michigan Court Administration Reference Guide 6-05 F 4 for receipt requirements.

³ MCL 552.509(3) and Michigan Court Administration Reference Guide 6-05 F 3.

Bank Account Transfer and Post-Transition Payment Processing

FAQ 2003-02

July 3, 2003

Page 3

Q: How should the FOC endorse its checks and money orders being forwarded to the SDU to process?

A: When forwarding a check or money order made payable to the FOC to the SDU, the office should restrictively endorse it as “pay to the Michigan State Disbursement Unit without recourse.” This endorsement clarifies that the FOC does not make any warranty regarding the payment and does not accept responsibility for wrongful conduct of the payer.

Q: How long should the FOC continue to receive and forward payments that the SDU can process?

A: Following an initial notice, the FOC should decline to process in-office payments the SDU can centrally process. The office must provide anyone attempting to pay at the office with the SDU’s location, notify them of the requirement to make payments through the SDU, and should provide written instructions on making payments through the SDU. To aid in customer service, the office may provide payers with an envelope to forward their payments to the SDU.

During the first year following the transition based on the schedule established by the Office of Child Support,⁴ in order not to delay child support payments, we recommend that an FOC accept and transmit payments received by mail, unless the office has provided the paying individual or source of income at least three notices to send payment to the SDU. After one year following the transition, the FOC should transmit initial payments received by mail; however, following notice to the payment source regarding the requirement to pay through the SDU, the FOC need not transmit subsequent payments.

Any payments the FOC returns should: (1) be returned immediately by mail, (2) include notice of the SDU’s location and the requirement to make payment through the SDU, and (3) note on the mail log/record that it was received in error and returned.⁵

Q: Who should FOC offices contact with additional questions on bank account and post-transition payment processing?

A: If a court or friend of the court office has additional questions or comments, they should contact Steven Capps at (517) 373-5975 or CappsS@courts.mi.gov, or Elizabeth Barber at (517) 373-5895 or BarberB@courts.mi.gov.

⁴ Schedule established pursuant to MCL 400.237.

⁵ MCL 552.509(3) and Michigan Court Administration Reference Guide 6-05 F 3.